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**Testimony of Adam Hughes  
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**before the Senate Homeland Security and Governmental Affairs  
Subcommittee on Contracting Oversight**

**on Problems with Federal Contracting Databases**

**September 29, 2009**

Chairwoman McCaskill, Ranking Member Bennett, members of the subcommittee: My name is Adam Hughes and I am the Director of Federal Fiscal Policy at OMB Watch — an independent, nonpartisan watchdog organization. Thank you for inviting me to testify today on a technical but nonetheless important topic for government — current problems with existing federal contracting databases and ways to improve the accessibility and transparency of these systems.

OMB Watch was founded in 1983 to remove the veil of secrecy from the White House Office of Management and Budget and has spent over twenty-five years advocating for government accountability, transparency and access to government information, and citizen participation in governmental processes. OMB Watch believes citizens must take an active role in holding their government accountable and that the federal government, when supported by sensible fiscal policy, can develop the programs and safeguards that meet the public's needs.

This hearing is coming at a time when Congress and the executive branch are taking additional steps to reform the federal contracting process. At the same time the federal government is increasingly embracing technological advances that are drastically changing the ways government can conduct the people's business. My testimony will focus on some of these reforms and the technical changes being embraced by the federal government and how those experiences can inform and shape the development of a more cohesive, functional, and efficient government contracting data system.

While Congress and the executive branch have made admirable advances in the last three years to reform the bloated and wasteful federal contracting system, there are still significant advances needed before the proper tools and safeguards are in place to help spend taxpayer dollars wisely. Likewise, advances in technologies that allow data to be easily shared, manipulated, and analyzed between people, websites, and database systems have been embraced outside the federal government. These technologies allow a variety of audiences to easily access and work with data and information through machine-readable formats like RSS (Real Simple Syndicate), Atom, and APIs (Application Programming

Interface). These new dissemination systems are slowly beginning to seep their way into the government sphere, and the government is positioning itself to take advantage of this type of data sharing, particularly with the launch of [www.data.gov](http://www.data.gov). This confluence of increased interest in contracting reform and technology innovation should result in developing a state of the art one-stop shop for contracting data and information.

## **OMB Watch's History: Making Government Data Accessible**

OMB Watch has long believed that transparency and disclosure, both with regard to government information and decision-making processes, are essential characteristics to a properly functioning democracy. A fundamental aspect of any healthy democracy is an engaged and active citizenry. In order to allow citizens to participate in the political and policy process, they need accurate and timely information about the government. It is also important for elected officials, political appointees, and others who are operating the levers of power to know their actions and decisions will be tracked and evaluated, and that these tools can help them make improved decisions. Fulfilling the public's right to know engenders greater effort by agencies and officials for efficiency and effectiveness in government and creates a record of accountability.

### *RTK NET*

OMB Watch has a long history of developing transparent, easily-accessible, and intuitive systems for promoting and disseminating government databases to the public. In 1989 OMB Watch created the Right-to-Know Network (RTK NET), a service that allowed users to dial into our computer and query environmental databases. The service transitioned into a free searchable website ([www.rtknet.org](http://www.rtknet.org)) providing access to government data about toxic chemical releases and environmental health hazards. Starting with the Toxic Release Inventory, our project expanded to include almost a dozen environmental databases over the years. For each database, RTK NET allowed users to retrieve information for a facility by geographic area, chemical or industry. Moreover, all data elements for each database are accessible and downloadable. This makes RTK NET especially useful to activists, researchers, investigative journalists, and those who need detailed information. RTK NET staff also provided technical assistance to environmental groups, such as programming and running specialized searches. Recent upgrades of the site have provided greater use of maps and other graphs to provide the complex data in easier to understand formats, but the robust search function and access to raw data remain.

### *FedSpending.org*

OMB Watch's experience with government databases extends beyond environmental data. For more than a decade, OMB Watch has called for improving access to information regarding federal spending. We have been concerned the government's public access vehicles to information about federal spending are either non-existent or extremely poor.<sup>1</sup> In early 2006, we began a project to make federal spending information more transparent and accessible to the public.

By October, 2006, we launched FedSpending.org, a free online searchable service that gives anyone easy access to federal financial assistance awards and federal contracts. The impact of the site has been significant and has demonstrated how the web can be used for greater accountability when data is made

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<sup>1</sup> See, for example, Federal Times, "Contract database short on info, long on problems." August 1, 2006. Available at <http://www.federaltimes.com/index.php?S=1985392>.

available to the public. Over the last almost three years, the website has remained extremely popular, not only with the public, but with journalists, analysts, and even government employees. In 2008, FedSpending.org had more than 4.1 million visits, adding to the just over 6.8 million visits to the site since it launched in 2006. Those 4.1 million visits resulted in over 9 million searches by people, pushing the site total to 15.3 million since October, 2006. The site has also been referenced or cited in over 500 media reports and blogs around the country since its launch. FedSpending.org was also instrumental in the discovery and eventual removal of sensitive personal information in federal award identification numbers. It was learned this information had been published on the Internet for decades and was only discovered once the FedSpending.org database came online.<sup>2</sup>

In addition, the success of FedSpending.org allowed us to license the software for the website to the government in 2007 for its use to comply with the Federal Funding Accountability and Transparency Act of 2006 (Transparency Act). This resulted in the creation of USAspending.gov, a government website that represents a significant step forward in the way government makes information available on the Internet.

All of these experiences have helped to prepare this testimony and inform our work analyzing other federal contracting databases.

## **Current Dismal State of Contracting Data Systems**

Access to accurate and timely data about the federal contracting process is essential to efficient and effective implementation and oversight of federal contracting and it appears the time is ripe for a significant overhaul of federal contracting data systems. Legislative reforms in the 110<sup>th</sup> and 111<sup>th</sup> Congress, increased interest and actions from the Obama administration, and additional committees and commissions investigating federal contracting practices all point to significant changes on the horizon in the federal contracting process. It will be crucial for the government to have a streamlined, stable, easy to use, publicly-accessible contracting data system to implement and manage current reforms and eliminate repeated instances of waste, fraud, and abuse in federal contracting.

Unfortunately, current contracting databases are disjointed, antiquated, at times redundant, and extremely difficult to use. The menagerie of data systems do not deliver accurate, timely, and useful information and create significant obstacles for use by government contracting officials and watchdogs. There are significant problems with the current structure (or lack thereof) of federal contracting databases as well as with the data contained within those systems.

Generally, these databases were designed to allow for large inputs of contracting data from multiple sources, but hardly any time or resources were spent developing easy mechanisms for viewing, analyzing, exporting, or sharing data within those systems.

As a result, these disparate databases exist in a siloed manner within the federal government and create a significant barrier for government officials and the public to view and understand the universe of government data available about private contractors. Federal contract spending data contained within the

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<sup>2</sup> More background information on this issue, a full timeline and description of the discovery of personally identifiable information in government data on FedSpending.org, the steps OMB Watch took during and after this discovery, and other related documents are available at [http://www.fedspending.org/personalid\\_short.php](http://www.fedspending.org/personalid_short.php).

Federal Procurement Data System (FPDS-NG), data on suspensions and debarments and contract termination initiated by the government contained within the Excluded Parties List System (EPLS), and contractor performance data that is spread across at least five distinct databases<sup>3</sup> create a disjointed system that requires significant time, knowledge, and effort to access the broad scope of government contracting data.

Even if those barriers to access are overcome, because the systems were developed independently, the information contained within them is often incompatible or difficult to link to data within other contracting systems.

Given the rapid rate of growth of federal contract spending and the increasing interest in the contracting process from Congress, the media, and outside watchdogs, it is more important than ever for the government to create a distributed data storehouse that contains quality, relevant and timely data about the entire contracting process as well as adequate analytical tools that meet the needs of the federal contracting workforce, oversight personnel, and the public.

## **Review of Current Contracting Databases**

### *Federal Procurement Data System (FPDS)*

The Federal Procurement Data System was implemented in 1978 and since 1982 has been administered by the General Services Administration. In April 2003, GSA awarded a five-year, \$24.3 million contract to Global Computer Enterprises to replace the antiquated procurement data collection system. The new system, called FPDS-NG (NG is for Next Generation), seems to have its primary focus on providing an electronic vehicle for reporting and integrating with agency procurement systems. Its emphasis does not seem to be public access to the data.

On September 27, 2005, the Government Accountability Office sent the Office of Management and Budget a letter assessing FPDS-NG and describing fundamental improvements still needed. “Our review raised concerns regarding whether the FPDN-NG has achieved its intended improvements,” GAO wrote. The letter continues to identify problems with “timeliness and accuracy of data” and “ease of use and access to data.” This assessment did not sound much different than reports from 25 years ago. In two reports – one from 1979 and the other from 1980 – GAO criticized FPDS data on timeliness of reporting and accuracy of the information, and with future evaluations added on problems with accessing the data.

In OMB Watch’s efforts to make the FPDS data publicly accessible at the beginning of our FedSpending.org project were met with each of the problems identified by GAO. For example, to download the data, FPDS-NG required a cumbersome system that necessitated a separate download of data for each agency. This was extremely time consuming and burdensome. Documentation on the structure of the database and definition of data fields was barely adequate. Even as we started to go through the difficult process of downloading the data, it turned out that there was a significant lag in

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<sup>3</sup> The Department of Defense uses three separate databases for contractor performance data: the Architect-Engineer Contract Administration Support System (ACASS), the Contractor Performance Assessment Reporting System (CPARS), and the Construction Contractor Appraisal Support System (CCASS). In addition, NASA has its own database called the Past Performance Database (PPDB), and most other civilian departments use a system maintained by the National Institutes of Health called the Contractor Performance System (CPS).

availability of contracts data from the Department of Defense (DoD). In addition, there was no indication of this fact available through the FPDS-NG website.

After repeated inquiries of government officials, we were unable to tell when the DoD data would be added. In the end, we purchased the data from Eagle Eye Publishing, a private company that at the time Congress contracted with to provide it with federal spending information. Eagle Eye had merged records directly from internal DoD databases with the FPDS data in order to fill gaps, and had made other improvements to make the data more complete and more accurate. It was easier to obtain a more complete and accurate dataset from Eagle Eye for a fee, then it was to get it from the government agency in charge of maintaining the data.

Even if the data from FPDS-NG were complete and timely, the service is not designed for meaningful public access or analysis. Other than getting reports already developed by FPDS-NG, the next generation service is too difficult and confusing to use. The search function appeared to only search prepared reports, charts, tables and statistics rather than the database itself. After spending considerable time on the system, we still could not figure out how to obtain information about a particular company or a particular contract or if it was even possible to find such information in the system.

With the launch of USAspending.gov, which uses FPDS-NG as the data source for federal contracts, many of the problems of access and transparency of contracting spending data have been solved. Users can access summary profiles of all contracts to a particular contractor, of all contracts being performed in a specific congressional district or state, or all contracts being awarded from a particular federal agency. Information on extent of competition in contracting is easily available right on the contracts homepage of the site<sup>4</sup> and data on type of contract used and the product or service being procured is also readily available.

The site is intuitive and simple to use with many of the most popular searches and views pre-loaded into the navigation of the site (e.g., top 100 contractors for any given fiscal year). These simplified views help users to see the big picture of contracting data first and gives multiple ways to reach specific information on contracting spending data. In addition, all information within USAspending.gov is downloadable in multiple formats including ASCII and XML. (A big and important exception to this is that parent company identifiers are not publicly available through USAspending.gov – a topic discussed in depth later in this testimony.) The ability to show a simplified summary of data alongside the capability to accessing detailed contract spending data down to the transactional level for analysts familiar with contract spending data and other advanced users makes the site a powerful tool for public disclosure of federal contract spending information.

Because USAspending.gov is a superior service for data disclosure and analysis, the FPDS-NG website and other public facing parts of the FPDS-NG system should be shut down to save resources. The FPDS system should be retained for contracting data input only, which should then be displayed through the USAspending.gov website.

#### *Excluded Parties List System*

Unfortunately, USAspending.gov is the only contracting database that combines intuitive and robust search capabilities and data presentation with access to raw data. The next best system is the Excluded

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<sup>4</sup> See <http://www.USAspending.gov/fpds/>

Parties List System (EPLS), the only other publicly available contracting database. One of the main drawbacks of the EPLS is that it does not, for the most part, list sufficient information about those individuals and firms that have been excluded by federal government agencies from receiving federal contracts or federally approved subcontracts.

Further, much of the data in EPLS lacks DUNS numbers<sup>5</sup> – the unique identifier supplied by the private company Dun and Bradstreet to identify businesses. Without a DUNS number – it is nearly impossible to combine data from EPLS with other government contracting databases. This also makes searching the EPLS system to verify whether or not a contractor is listed unnecessarily difficult. On the most elementary level, it requires contracting officers to perform two searches when checking the list for companies seeking contracts. In fact, the EPLS website says as much.<sup>6</sup>

In addition, all past exclusions within the EPLS database are listed in a separate section – the Advanced Archive Search – that requires an additional search. There is no reason the multiple searches are necessary. Users should be able to conduct a single search for a particular company or DUNS number and return all matching entries within the database, whether current or past.

In addition, the functionality of the website and search functions are clunky and difficult to learn and information is too often displayed in codes or references to other web pages. The database could be improved by eliminating additional clicks to obtain information in search results and rather displaying the data along with the search results. This includes expanding the cause and treatment (CT) codes section and the agency point of contact on the search results page – not linking to that information in a separate location.

Because this information is critical to review before the awarding of new contracts, the data from EPLS should be linked to current contract spending data on USAspending.gov. Giving access to this information directly by linking to it within the contractor profile pages on USAspending.gov would be a huge improvement.

#### *Contractor Performance Databases*

The least transparent and accessible contracting databases are the multiple contracting performance data systems and the amalgamation of those systems – the Past Performance Information Retrieval System (PPIRS). The multiple systems are spread across the federal government and to our knowledge, do not have the capability to share or link data between the databases.<sup>7</sup>

In 2002, the Office of Federal Procurement Policy attempted to alleviate some of the redundancy and confusion in federal contracting performance databases by funneling contractor performance information into one database, the PPIRS. As of July 1, 2002, all of the information contained within the

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<sup>5</sup> DUNS stands for Data Universal Numbering System, the copyrighted, proprietary system created by the private company Dun and Bradstreet to identify businesses by location. This system is currently the sole identifier used by the U.S. federal government for all recipients of federal funds.

<sup>6</sup> See the Frequently Asked Questions section of the EPLS website: "It is important to note that all EPLS records identified as "Firms" may not provide a DUNS number. Therefore, the user should also perform a Name search to ascertain that the concerned Firm is not listed in the EPLS." Available within question #19, "What is the function of Advanced Search?" Accessed at <https://www.epls.gov/epls/jsp/FAQ.jsp#19> on September 24, 2009.

<sup>7</sup> Because the public is restricted from accessing contractor performance databases, OMB Watch has not been able to do a first-hand review of their technical capabilities.

separate databases was supposed to be available through PPIRS. Unfortunately, because these systems were developed separately and used different rating systems and performance criteria, simply throwing all the information together into a central location only solves part of the problem.

In 2005, the Office of Federal Procurement Policy lead an interagency group tasked with generating pertinent and timely performance information. The recommendations of this group included standardizing the different contracting ratings used by various agencies; requiring more meaningful past performance information, including terminations for default; developing a centralized questionnaire system for sharing government-wide; and possibly eliminating multiple systems that feed performance information in PPIRS.

The Government Accountability Office criticized the lack of action on these recommendations in a recent GAO report,<sup>8</sup> but it appears there is slowly starting to be some progress. In April 2008, the FAR Councils issued a proposed rule<sup>9</sup> to the FAR that clarified requirements for documenting past performance, including making use of PPIRS mandatory and requiring agencies to identify employees who are responsible for preparing performance assessments. This rule was finalized on July 1, 2009, but unfortunately does not go nearly as far as the recommendations developed by the 2005 OFPP interagency task force and will not solve many of the problems with PPIRS and other contractor performance systems. Specifically, the rule does not call for standardizing the different contracting ratings used in the disparate databases and therefore will likely supply unbalanced data on contractor performance depending on which system is used as the entry point to submit data.

More disturbingly, it does not appear the FAR Councils or anyone else within government has a vision for creating one workable and useful distributed contracting performance database system. For example, on September 2, 2009, the FAR Councils issued a proposed rule<sup>10</sup> that would require information about defective cost or pricing data and terminations for cause or default to be reported to the PPIRS database. And on September 3, 2009, the FAR Councils issued a proposed rule<sup>11</sup> that would amend the FAR to implement the recently-passed Federal Awardee Performance and Integrity Information System (FAPIIS). This rule outlines the information required to appear in a new database required by the FY 2009 National Defense Authorization Act.<sup>12</sup>

OMB Watch is a strong supporter of the new contractor responsibility database, particularly the new information that will be made available, including administrative agreements. We worked hard for its adoption,<sup>13</sup> and believe the expanded scope of performance data mandated is a step forward. Despite this, we are more than a bit baffled by the implementation being proposed and must voice strong

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<sup>8</sup> GAO, *Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions*, GAO-09-374, April 23, 2009. <http://www.gao.gov/new.items/d09374.pdf>.

<sup>9</sup> See Federal Acquisition Regulation; FAR Case 2006-022, Contractor Performance Information (73 FR 17945). Available at [http://www.regulations.gov/search/Regs/images/icon\\_pdf.gif](http://www.regulations.gov/search/Regs/images/icon_pdf.gif).

<sup>10</sup> See Federal Acquisition Regulation; FAR Case 2008-016, Terminations for Default Reporting (74 FR 45394). Available at <http://www.regulations.gov/search/Regs/contentStreamer?objectId=0900006480a1b4cb&disposition=attachment&contentType=pdf>.

<sup>11</sup> See Federal Acquisition Regulation; FAR Case 2008-027, Federal Awardee Performance and Integrity Information System (74 FR 45579). Available at <http://edocket.access.gpo.gov/2009/E9-21174.htm>.

<sup>12</sup> Public Law 110-417, Sec. 872, October 14, 2008.

<sup>13</sup> See "POGO and Good Government and Openness Coalition Support Public Access to Government-Wide Contractor Responsibility Database." Accessed on September 24, 2009 at <http://www.pogo.org/pogo-files/letters/contract-oversight/co-fcmd-20080519.html>.

opposition to the structure the government is considering. Unfortunately, it appears some of the same mistakes made in the past with contracting databases are being made all over again.

After spending almost seven years attempting to consolidate and streamline the performance reporting system for federal government contracting to help increase its use among government contracting officers, the September 3 proposed rule creates yet another separate performance database that combines some new performance information and some information already available in other databases. In addition, the proposed rule creates another requirement that contracting officers and other government officials need to check the FAPIIS database in addition to PPIRS. The proposed rule from September 2 requires much needed information to appear in one database (PPIRS), but not the other (FAPIIS). This is further complicating the contractor performance database landscape and hoisting additional data management burdens on already overburdened federal contracting officials.

This is an ineffective, costly, and burdensome patchwork of requirements that will limit the ability of government employees and other oversight personnel to monitor and oversee the contracting process and be responsible stewards of taxpayer dollars.

#### *Central Contractor Registration*

The Central Contractor Registration (CCR) database is the primary registrant database for the U.S. Federal Government for all entities seeking government funding. The CCR is slightly beyond the scope of this testimony, since it is not a solely a contractor database. But there are still changes needed to improve the accessibility and transparency of information in the CCR.

While the public can search the CCR, as of July 30, 2008, registered vendors in the database can elect not to display their information in the public search section of the site. Federal government employees with a .mil, .gov, or .fed domain can still view the entire database, regardless of which vendors have elected not to be listed. This should be changed so all registrants are displayed through the public search option. Further, there is no ability to bulk download the data within the CCR. The public should have full and complete access to the CCR database, including the ability to download the entire database.

Finally, the registration process itself is in need of overhaul. In particular, the lack of ability of registrants to manage and track multiple DUNS numbers for branches or offices associated with a single entity causes significant problems for some registrants and also for outside users who want to accurately track government funds disbursed to larger entities.

### **A Better Solution: Distributed Databases of All Federal Contracting Data**

As mentioned earlier, OMB Watch believes all federal contracting data needs to be stored in distributed databases that are linked together, web-accessible, fully searchable, have machine readable data, and are designed to meet the needs of contracting officials and oversight personnel while also providing public access to this information.

The best option for achieving this is to build out the USAspending.gov website interface to include other contracting data including all performance and evaluation data, suspension and debarment lists, and additional information related to the federal contracting process. USAspending.gov already has an open data architecture that allows for sharing and disseminating information in different formats, including

HTML, ASCII, and XML, which will allow for the development of new data analytic tools to be created, like the IT Dashboard.

While some of the information we are proposing to be included in USAspending.gov is not currently available to the public, it would be relatively easy to create a section for government employees to sign into that would give them access to all the data still restricted from public disclosure.

A distributed databases system would simplify the process of performance data collection and oversight during the contract award process for contracting officers by reducing the dozens of data sources, interfaces, and accounts they must manage in the course of their work to just a single interface and database. This one-stop shop for contracting data would streamline many parts of the data collection process, simplify the job of contracting officials and oversight personnel, reduce redundant data and government maintenance costs, and present a more cohesive, thorough picture of the federal contracting process to the public.

There is precedent for the breadth and scope of information accessible in this type of distributed system for federal contracting information, particularly from the authors of the legislation that created USAspending.gov. In follow-up legislation to the Transparency Act, then-Sen. Barack Obama (D-IL) and Sen. Tom Coburn (R-OK) called for USAspending.gov to include significant information about contractor performance, including

- information about the quality of work performed over the previous five years;
- data on federal audit disputes and resolutions, award terminations, and suspensions and debarments;
- information about civil, criminal, and administrative actions taken against the recipient by the federal or a state government for violation of federal or state laws or regulations related to the workplace, environmental protection, fraud, securities, and consumer protections; and
- information about compliance with federal tax laws and requirements.

In addition, other good government organizations have supported such a proposal, such as the Project on Government Oversight (POGO). POGO has extensive experience with overseeing the federal contracting process and has developed its own contractor performance database called the Federal Contractor Misconduct Database (FCMD). POGO recently suggested consolidating contracting information on USAspending.gov in testimony<sup>14</sup> before the House Committee on Oversight and Government Reform Subcommittee on Management, Organization, and Procurement:

*USAspending.gov should become the one-stop shop for government officials and the public for all spending information, including actual copies of each contract, delivery or task order, modification, amendment, other transaction agreement, grant, and lease. Additionally, proposals, solicitations, award decisions and justifications (including all documents related to contracts awarded with less than full and open competition and single bid contract awards), audits, performance and responsibility data, and other related government reports should be incorporated in USAspending.gov.*

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<sup>14</sup> Statement of Scott Amey, General Counsel, Project on Government Oversight before House Committee on Oversight and Government Reform Subcommittee on Management, Organization, and Procurement, pg 4, June 16, 2009. <http://www.pogo.org/pogo-files/testimony/contract-oversight/co-cfc-20090616.html?print=t>

## **Challenges to Creating a Distributed Contracting Database System**

Although the model proposed in this testimony will likely be significantly more user friendly and effective than current systems, there are some challenges that will need to be addressed in order to make it a reality.

### *Standardized Performance System*

While the technology exists to support such a solution, there would still need to be considerable effort to streamline the contractor performance reporting systems. Simply funneling performance data from multiple, disparate systems that use different metrics to evaluate contractor quality to a single location does not solve all the problems with contractor performance systems. A standardized and more robust contractor performance data collection system needs to be developed.

The pieces for such a system have been preliminarily assembled through the recommendations of the 2005 OFPP interagency task force, GAO recommendations, and suggestions from outside good government watchdog organizations, but have not been sufficiently implemented to result in a comprehensive system that meets the needs of the federal contracting workforce. Even if a better platform is developed to report and display performance information, the data itself will need extensive revision and standardization before it becomes more useful.

### *Lack of a Publicly-Available, Reliable Unique Identifier*

Perhaps an even larger problem will be to establish a reliable, publicly-available unique identifier that can allow data from disparate databases to be easily combined and compared. The federal government currently contracts out the work of creating, assigning, and updating unique organizational identifiers to a private company called Dun and Bradstreet (D&B), which originally created the DUNS number system. The main service D&B provides is updating what they call "corporate family trees," or the relationships between parent companies and their subsidiaries. Because of acquisitions, mergers, and the sale of companies, these relationships are always in a state of flux.

Allowing a private company to provide such an important unique identifier for all entities receiving funds from the federal government is extremely problematic, as it subjects that identifier system to the policies of a private company and its business needs. While not necessarily malicious, this arrangement can cause government data to be presented in misleading or at times incorrect ways, or simply not made available to the public.

For example, shortly after the launch of USAspending.gov, we discovered the website was returning significantly more parent companies when a simple search was done for the company "Boeing." After raising this issue with the Office of Management and Budget, we learned in a meeting with D&B representatives that this was more than simply a data problem. Instead, D&B's policy was to update all historical relationships of companies when a subsidiary was either bought or sold. In other words, if a company sold a subsidiary in 2009, D&B would break the linkage of those two companies, and therefore

the accountability chain, for all previous fiscal years in the USAspending.gov database.<sup>15</sup>

Even more troubling, D&B restricts access to their corporate family tree information by redacting the parent company DUNS identifier currently used in USAspending.gov. Without public access to this identifier, it is nearly impossible to easily combine contracts spending data with other government data sets, such as campaign finance and lobbying expenditures, environmental databases such as the Toxics Release Inventory, or the EDGAR database at the Securities and Exchange Commission, just to name a few. It will also make it very difficult to combine the separate contracting performance databases and match data about the same companies correctly on a continual basis.

The practice of outsourcing the creation of a unique identifier is significantly different from past government practices. Both Social Security numbers (SSN) and Employer Identification Numbers (EINs) are created and maintained by the federal government. There is no reason identifiers for entities receiving federal funds should be any different.

As the government progresses to adopt new and emerging information technologies, including working to link disparate data systems together, there must be reliable, publicly available identifiers. OMB should head up an interagency task force to develop the schema for such identifiers, starting with organizational identifiers and Congress should provide oversight to make sure this process proceeds expeditiously.

#### *Leadership*

It took almost four years for the government to begin implementing recommendations from an interagency task force headed up by OFPP, and even when that implementation did begin, only some of the recommendations were adopted by the FAR Councils. This is far, far too long. With the magnitude of problems in government contracting growing at an alarming pace, the speed reforms are instituted needs to keep up. In order for this to happen, there needs to be consistent involvement and leadership from both the executive and legislative branches.

Establishing a single entity with the responsibility and authority to develop the type of comprehensive system envisioned in this testimony is vital to its success.

### **Expanding Universe of and Access to Contractor Performance Information**

Once a distributed contracting database system is developed, the government should work to expand the information included in a system in order to create a more effective tool for monitoring and oversight of the federal contracting process.

First and foremost, the government needs to amend the FAR to allow publishing of contractor performance information pursuant to applicable laws so that information about how contractors make use of federal resources is open to the public. FAR § 42.1503 requires that performance reviews "not be released to other than Government personnel and the contractor whose performance is being evaluated...." The rationale is that public release "of such information could cause harm both to the

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<sup>15</sup> At this meeting, OMB requested that D&B change their practices of changing historical relationships of companies when updates to the corporate family tree are necessary. OMB Watch has not done an analysis to determine if this D&B policy has changed.

commercial interest of the Government and to the competitive position of the contractor being evaluated as well as impede the efficiency of Government operations."<sup>16</sup>

There is no reason to withhold, wholesale, information about how federal contractors are performing from the public. In FY 2008 federal contractors received more than half of all discretionary spending and the public, as well as Congress, has a right to know which contractors are performing well and which are not. OMB Watch believes disclosure of contractor performance information – with pertinent safeguards to protect sensitive business information and within the scope of applicable laws – would foster better and more extensive competition because both contractors and contracting officers would become more responsive to increased public scrutiny of contracting decisions and processes. This would not only help develop better performance and behavior from contractors, but also help to foster better decisions and behavior from federal contracting officers.

More exposure of these decisions will further ensure the relationship between contractors and their lobbyists and federal employees does not violate federal ethics and conflict of interest regulations. Additionally, opening the procurement process in this way is likely to encourage other contractors to submit more bids if they feel the merits of a bid and past contractor performance, and not personal relationships or influence with contracting officials, determine the winner of a contract. Disclosure of this information will help to level the playing field in contract competitions by helping to ensure more contracts are competed and more contractors submit bids for those competitions.

Second, the government needs to expand the scope of agencies covered by the Federal Awardee Performance and Integrity Information System called for in the FY 2009 National Defense Authorization Act. The database authorized would catalog additional performance and conduct information about federal contractors, but it is circumscribed only to those contractors that receive a contract from the Department of Defense.

While the Defense Department is the largest contracting agency in the federal government, other large contracting agencies include the Departments of Homeland Security and Energy, and the National Aeronautics and Space Administration. It is reasonable to believe that contracting officials within those other agencies would benefit from access to a database of information on misdeeds and poor performance by any contractor that receives a government contract. Therefore, the government needs to expand the database to require information on all contractors across the federal government.

Third, the centralized performance database should be expanded to include additional information included in the Strengthening Transparency and Accountability in Federal Spending Act of 2008, as introduced by then Sen. Obama and Sen. Coburn (along with Sen. Carper (D-DE) and Sen. McCain (R-AZ)).

Finally, the government should explore ways to raise the bar for workers of federal contractors, a substantial portion of who receive poverty-level wages and receive few benefits, particularly in the

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<sup>16</sup> FAR § 42.1503 Procedures. <http://www.acquisition.gov/far/current/html/Subpart%2042.15.html#wp1075411>.

service sector.<sup>17</sup>

## **Conclusion**

Making government data and decision-making processes transparent and accessible to the public involves an inherent trust in the will and providence of the American public. This is certainly true in the realm of contractor databases and made all the more difficult by the high profile nature of the federal contracting process. Yet the importance and benefits of transparency and access to this information are no less important. While we may continue to move toward true transparency in the contracting process in only very small steps, we must keep moving in that direction.

Thank you for the opportunity to share my views with you here today. I look forward to your questions.

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<sup>17</sup> For an overview of this issue, see the statement of Dr. David Madland, Director of the American Worker Project, Center for American Progress, before the House Committee on Armed Services Panel on Defense Acquisition Reform, September 17, 2009. [http://armedservices.house.gov/pdfs/DAR091709/Madland\\_Testimony091709.pdf](http://armedservices.house.gov/pdfs/DAR091709/Madland_Testimony091709.pdf)